

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, APRIL 5, 2011
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

Present:	Michael McAuley Scott L. Walker Jim Jorgensen	President Vice President Secretary
Staff:	Charlie Sheldon Rob Fix Art Choat Mike Stoner Fred J. Seeger Dan Stahl Sylvia Goodwin Lydia Bennett Mike Hogan John Hergesheimer Alec Strand Shirley McFearin Frank Chmelik Diane McClain	Executive Director Chief Financial Officer Director, Aviation Director, Environmental Programs Director, Facilities Director, Marine Services Director, Planning and Development Director, Real Estate Environmental Analyst Senior Project Engineer Engineering Specialist Real Estate Development Manager Port Counsel Executive Secretary

CALL PUBLIC MEETING TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION

At 2:00 p.m., Commissioner McAuley called the Commission meeting to order and immediately recessed to a closed executive session to discuss real estate transactions pursuant to RCW 42.30.110(1)(c). Commissioner McAuley noted that no formal action would be taken during the closed session and he expected the closed executive session to last approximately one hour.

RECONVENE PUBLIC MEETING

The Commission meeting was reconvened at 3:05 p.m.

PUBLIC COMMENT PERIOD

1. Darren Williams, Local ILWU Longshoreman, 4089 Y Road, Bellingham, WA – Bellingham Shipping Terminal – Thanked the Commission for the acknowledgement and comments at the last few meetings and would like to see more work at the shipping terminal and include other activities such as rail improvements, windmills etc.

3. Nancy Olsen- Educator, 421 Donovan Avenue, Bellingham, WA – Marine Life Center – spoke of the economics, recreation and educational benefits of the MLC – live engagement and future stewards of marine life.
4. Casey Cook –WCC Biology student and MLC volunteer, 3221 Firwood Avenue, Bellingham, WA – Marine Life Center –appreciative of the educational experience and community connection derived from working at the MLC.
5. Roger Van Dyken- Owner and Operator, San Juan Sailing & Yachting, 145 E. Cedar, Lynden, WA – MLC – excited about having the MLC connection, educational resource to Charter Industry, tie-in with charter guests and marine biology of the area.
6. Matt Paskus- Airport - comments received via email were presented to the Commission for the record.

CONSENT AGENDA

Motion: Approve Consent Agenda items A. through F as follows:

- A. Approval of minutes of the March 1, 2011, and March 15, 2011, regularly scheduled Commission meetings.
- B. Voucher Certification and Approval March 2, 2011 – March 30, 2011 totaling \$3,630,788.40.
- C. Authorize the Executive Director to approve Purchase Order No. 40948 for \$30,352.75 to Trailer Town of Olympia, WA. for a Heavy Equipment Trailer Replacement.
- D. Approval of a Lease Renegotiation/Modification between Port of Bellingham and Wise Enterprises LLC for a land lease located at 1950 Victoria Place in the Airport Industrial Park.
- E. Approval of a Lease Renewal and Modification between Port of Bellingham and Woodstone Corporation, Inc. for premises located at 1801 W. Bakerview in the Airport Industrial Park.
- F. Approval of a Lease Modification between Port of Bellingham and Seaview Boatyard North, Inc.

Note: Item F. was pulled from the Consent Agenda for discussion and a vote was taken on items A – E.

Motion approved with a 3-0 vote (Consent agenda items A – E).

A discussion regarding Consent Agenda Item F. – a motion pertaining to the Seaview Boatyard North lease modification, specifically, the open- ended extension of the construction

time frame for a new building, led to a vote of 1- 2;. Commissioner McAuley voting in favor of the motion, Commissioners Jorgensen and Walker voting against. Staff was directed to prepare and bring forward a new motion and lease modification specifying a date that the construction of a new building must be complete.

ACTION ITEMS

1. AIRPORT PAY PARKING LOT MANAGEMENT AGREEMENT – STANDARD PARKING.

Motion: Authorize the Executive Director to enter into an agreement with Standard Parking for the management of the pay parking lots at Bellingham International Airport.

Discussion: Aviation Director Art Choat reported the Port's Request for Proposal (RFP) issued on January 23, 2011 produced seven (7) responses and of the four proposals received, Standard Parking's was found to be the most responsive. Mr. Choat explained the proposed agreement with Standard Parking includes staffing of the existing and future pay parking cashier booths at all primary and overflow parking areas and the expenses associated with providing three (3) shuttle busses with drivers and the projected cost based on the current number of parking lots at BLI, for the first twelve (12) months of the agreement is \$600,392, increasing annually over a five (5) year period to \$659,846. Mr. Choat added that due to the expansion of parking lots in FY 2011, \$802,250 has been budgeted for parking lot management expenses for FY 2011.

Motion approved with a 3-0 vote.

2. AMENDMENT NO. 4 TO THE INTERAGENCY AGREEMENT WITH DEPARTMENT OF ECOLOGY FOR THE BELLINGHAM BAY DEMONSTRATION PILOT.

Motion: Authorize Executive Director to execute Amendment No. 4 to the Interagency Agreement with the Department of Ecology for the Bellingham Bay Demonstration Pilot to adjust the scope, increase the budget by \$447,000, and extend the completion date to June 30, 2013.

Discussion: Environmental Analyst Mike Hogan explained the Bellingham Bay Demonstration Pilot (focusing on improving environmental health of Bellingham Bay) was initiated in 1996 and the Interagency Agreement between the Port and Ecology supports ongoing coordination efforts with other agencies (federal state, local and tribal) providing MTCA funding for specific habitat restoration projects. The scope of work proposed in amendment No. 4 will provide Ecology grant funding to support the engineering design and permitting for improvements to Little Squalicum Beach and the Squalicum Creek Estuary Restoration Project.

Motion approved with a 3-0 vote.

3. AMENDMENT NO. 2 TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH ANCHOR QEA FOR THE SQUALICUM CREEK RESTORATION PROJECT.

Motion: Authorize the Executive Director to amend the Professional Services Agreement (PSA) with Anchor QEA to perform engineering and design services for the Squalicum Creek Restoration Project in the amount of \$311,150 for a total authorized PSA amount of \$489,700.

Discussion: Environmental Analyst Mike Hogan reported the Bellingham Bay Demonstration Pilot (addressing improving environmental health of Bellingham Bay) was initiated in 1996 and the Interagency Agreement between the Port and Ecology supports ongoing coordination with other agencies (federal state, local and tribal) providing MTCA funding for specific habitat restoration projects. Mr. Hogan explained Anchor QEA has proposed a scope of work and budget for the final design and bid documents pertaining to the Squalicum Creek Restoration Project in Amendment No. 2.

Motion approved with a 3-0 vote.

4. PROFESSIONAL SERVICES AGREEMENT (PSA) WITH ANCHOR ENVIRONMENTAL FOR THE LITTLE SQUALICUM BEACH IMPROVEMENTS.

Motion: Authorize the Executive Director to Execute Professional Services Agreement with Coast & Harbor Engineering to perform preliminary design & permitting for Little Squalicum Beach Improvements in the amount of \$34,600 plus \$3,460 contingency for a total authorized amount of \$38,060.

Discussion: Environmental Analyst Mike Hogan explained the cooperative agency partnership Bellingham Bay Demonstration Pilot group (focus on improving the environmental health of Bellingham Bay through comprehensive strategic environmental planning integrating cleanup, restoration, and pollution control and revitalization efforts) has identified the degraded shoreline area adjacent to the Mt. Baker Plywood Peninsula as a habitat restoration opportunity. Mr. Hogan reported the engineering and design phase of this project is 100 % reimbursed by Ecology and of the two (2) responses received to the Request for Professional Services advertisement, Coast & Harbor Engineering were deemed most qualified for the scope of services advertised.

Motion approved with a 3-0 vote.

5. COMPREHENSIVE AIRPORT PARKING PLAN AND PARKING LOT DESIGN.

Motion: Authorize the Executive Director to execute a Professional Services Agreement (PSA) with Pacific Surveying & Engineering Services, Inc. for a Comprehensive Airport Parking Plan, including lot engineering and design, in the amount of \$189,130.

Discussion: Senior Project Engineer John Hergesheimer explained the increased flights, larger planes, and extended stay durations of airline passengers has resulted in an immediate need for additional parking at the airport. Mr. Hergesheimer further explained the Comprehensive Airport Parking Plan will develop a 90% design of two (2) pre-selected sites on Mitchell Way and a 30 % design of a third site located north of the commercial terminal. Mr. Hergesheimer added in the future, a PSA amendment and budget increase will be required to complete designs to bid-ready status. The Port advertised in February for a Request for Proposals (RFP) and of the ten (10) proposals submitted, Pacific Surveying and Engineering Services, Inc. was selected as the most qualified to provide the scope of services.

Motion approved with a 3-0 vote.

6. AWARD PAINTING CONTRACT TO HCI INDUSTRIAL AND MARINE COATINGS, INC. FOR PAINTING PROJECTS FY 2011.

Motion: Authorize the Executive Director to enter into a contract with HCI Industrial & Marine Coatings, Inc. for the Painting Projects FY 2011 in the amount of \$315,940.90 plus a 10% contingency for a total authorized contract amount of \$347,000.

Discussion: Engineering Specialist Alec Strand explained the FY 2011 project includes exterior painting of all structural metal, including transfer span and passenger ramp of the Bellingham Cruise Terminal, 625 Cornwall Avenue, the Bellwether Building and portions of the Bella Marina Restaurant. Mr. Strand added of the two bids received, HCI Industrial and Marine Coatings, Inc. was the lowest responsive and responsible bidder. The other bidder was unable to obtain the necessary bonds required to enter into the contract.

Motion approved with a 3-0 vote.

7. DEED OF DEDICATION AND A LATECOMERS CONTRACTS NOTICE WITH THE CITY OF BELLINGHAM -FAIRHAVEN SHIPYARD POTABLE WATER PROJECT.

Motion: Authorize the Executive Director to execute a Deed of Dedication of Public Improvements to the City of Bellingham & an Acknowledgement of Understanding for Latecomer Contracts Notice with the City of Bellingham.

Discussion: Engineering Specialist Alec Strand explained as part of the 2010 Fairhaven Shipyard Potable Water Capital Improvement Project, the City of Bellingham required the installation of a new public water main extension and four new fire hydrants which are now required to be turned over to the City as well as utility easements. Mr. Strand further explained that in order to recover a pro rata share of the construction costs from subsequent users, the Port is entitled to execute a Latecomer Contracts Notice with the City.

Motion approved with a 3-0 vote.

8. RESOLUTION NO. 1296 FOR THE SURPLUS OF EQUIPMENT.

Motion: Approval of Resolution No. 1296 by the Board of Commissioners to declare Quickie Lifts #s 1 & 2 as surplus and authorize staff to sell structures at a public auction.

Discussion: Marine Services Director Dan Stahl explained the Quickie Lifts located at Squalicum Harbor were owned, operated and left behind by the Port's previous tenant, Marine Services Northwest (MSNW) d/b/a Boondocks Boats and Motors and Port staff is seeking authorization to sell the structures at a public auction.

Motion approved with a 3-0 vote.

9. MARINE LIFE CENTER (MLC) MANAGEMENT AGREEMENT.

Motion: Approval of a Management Agreement with Northwest Discovery Project (NPD) a/k/a Marine Life Center (MLC) to operate and manage the Port of Bellingham's Marine Life Center for a 45 month period through December 31, 2014, and for the Port of Bellingham to fund the Marine Life Center through the period of the Management Agreement.

Discussion: Real Estate Director Lydia Bennett explained that the Marine Life Center "touch tank" facility has been managed by volunteers associated with Northwest Discovery Project (NDP) since 1987 and that the management agreement transitioned into a lease agreement in 1995. Ms. Bennett further explained that in 2010, NDP requested the agreement be transitioned back to a management agreement. Ms. Bennett added that Port staff, as requested by Commission, explored alternative operators for management of the MLC. Discussions with representatives from the Northwest Indian College, Bellingham Technical College, Huxley College of the Environment at WWU, Bellingham Public Schools, Marine Resources Committee of Whatcom County, and various charter boat operators led to the conclusion that the only party interested in operating the MLC with the necessary expertise is the NDP. The Operations budget for the Marine Life Center set forth in the Port's 2011 budget is \$84,837 and the Capital budget for the replacement of the chiller unit and generator is \$70,000. Ms. Bennett explained and Port Counsel concurred that in the absence of other interested and qualified parties, she recommended awarding the service contract to Northwest Discovery Project (NDP) as a sole source provider and finding that the fees and costs are reasonable pursuant to RCW 53.19.040.

Motion approved with a 3-0 vote to award the contract to MLC as a sole source provider.

10. MODIFICATION OF AIRPORT LEASE AGREEMENT FOR SIS FLIGHT HANGAR CONDOMINIUM, LLC.

Motion: Approval of a Lease Modification between the Port of Bellingham and SIS Flight Hangar Condominium, LLC (SIS) establishing rental rates for the five (5) year rental re-negotiation period.

Discussion: Director of Aviation Art Choat reported that the thirty (30) year lease with SIS for approximately 33,076 square feet of airport property approved by the Commission in 2005 required that the rental rates be renegotiated every five (5) years and the proposed stream of lease payments for the upcoming five (5) year period equals \$100,061.

Motion approved with a 3-0 vote.

11. CONSENT TO ASSIGNMENT OF LEASE BETWEEN SIS FLIGHT HANGAR CONDOMINIUM, LLC (SIS) AND APOGEE LLC.

Motion: Approval of Consent to Assignment of Lease between SIS Flight Hangar Condominium, LLC and Apogee Real Estate, LL.

Discussion: Director of Aviation Art Choat reported that the thirty (30) year lease with SIS for approximately 33,076 square feet of airport property approved by the Commission in 2005 also included Commission approval of the sale of the former FedEx Building to SIS. Mr. Choat explained that SIS is seeking Commission approval of Consent to Assignment of the Lease from SIS to Apogee Real Estate, LLC. Apogee has entered into a Purchase and Sale Agreement with SIS to purchase the former FedEx building.

Motion approved with a 3-0 vote.

12. HARBOR LAND LEASE AGREEMENT - SEA RAY SPORTS YACHTS, INC. D/B/A LAKE UNION SEA RAY FOR PROPERTY LOCATED AT SQUALICUM HARBOR.

Motion: Approval of a Harbor Land Lease Agreement between the Port of Bellingham and Sea Ray Sports Yachts, Inc. d/b/a Lake Union Sea Ray for property located at Squalicum Harbor.

Discussion: Real Estate Analyst Terry Ilahi reported that the Port consented to an assignment of Lease from Olympic's Northern Sound Marine to Lake Union Sea Ray in 2008 and that lease has now expired. Mr. Ilahi explained the proposed lease is for ten (10) years, includes three 5 year renewal options and rents will remain the same for the first year with an average increase of 4% per year in years two through five bringing rents closer to the current property value.

Motion approved with a 3-0 vote.

13. SEAVIEW YACHT SERVICE FAIRHAVEN, INC. – MODIFICATION OF LEASE FOR EXPANSION AT FAIRHAVEN.

Motion: Approval of a Lease Modification between the Port of Bellingham & Seaview Yacht Service Fairhaven, Inc. to incorporate Building No. 6 (containing approximately 30,800 square feet) and associated common access area (as shown

Discussion: Real Estate Development Manager Shirley McFearin reported that Seaview Yacht Service Fairhaven, Inc. currently occupies Buildings 4 and 5 at the Fairhaven Marine Industrial Park under the terms of a ten (10) year lease dated May 1, 2007 and the proposed modification of the lease would include a three (3) month "no rent" period beginning May 1, 2011 and ending July 31, 2011 for the inclusion of Building 6. Thereafter and for the next five (5) years, Seaview would pay \$9,856.00 monthly rent plus WSLHT and all utilities and services and operating expenses for Building No. 6 with the option to remove Building 6 (vacate) upon giving not less than 3 months prior written notice.

Motion approved with a 3-0 vote.

NEW BUSINESS

None.

ADJOURN

As there was no further business, the meeting was adjourned at 5:40 p.m.



Michael McAuley, President



Jim Jorgensen, Secretary